

Senate Bill No. 879

Passed the Senate September 8, 2011

Secretary of the Senate

Passed the Assembly September 7, 2011

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2011, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 2107 of, and to add Section 969 to, the Public Utilities Code, relating to gas corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 879, Padilla. Natural gas pipelines: safety.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. The Public Utilities Act authorizes the commission to establish a system of accounts to be kept by public utilities and to prescribe the manner in which accounts are kept, the records and memorandum to be kept, as well as the receipts and expenditures of moneys, and any other forms, records, and memoranda that in the judgment of the commission may be necessary to carry out any of the provisions of the act. The act requires the commission to require a public utility to establish and maintain a reserve account reflecting any positive or negative balance whenever the commission authorizes any change in rates reflecting and passing specific changes in costs through to customers, and requires the commission to take any positive or negative balance remaining into account by appropriate adjustment or other action at the time of any subsequent rate adjustment.

This bill would require, in any ratemaking proceeding in which the commission authorizes a gas corporation to recover expenses for the gas corporation's transmission pipeline integrity management program established pursuant to specified federal pipeline safety law or related capital expenditures for maintenance and repair of transmission pipelines, that the commission require the gas corporation to establish and maintain a balancing account for the recovery of those expenses.

Existing law provides that any public utility that violates any provision of the California Constitution or the Public Utilities Act, or that fails or neglects to comply with any order, decision, decree, rule, direction, demand, or requirement of the commission, where a penalty has not otherwise been provided, is subject to a penalty of not less than \$500 and not more than \$20,000 for each offense.

This bill would increase the maximum amount of the penalty to \$50,000.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 969 is added to the Public Utilities Code, to read:

969. In any ratemaking proceeding in which the commission authorizes a gas corporation to recover expenses for the gas corporation's transmission pipeline integrity management program established pursuant to Subpart O (commencing with Section 192.901) of Part 192 of Title 49 of the United States Code or related capital expenditures for the maintenance and repair of transmission pipelines, the commission shall require the gas corporation to establish and maintain a balancing account for the recovery of those expenses. Any unspent moneys in the balancing account in the form of an accumulated account balance at the end of each rate case cycle, plus interest, shall be returned to ratepayers through a true-up filing. Nothing in this section is intended to interfere with the commission's discretion to establish a two-way balancing account.

SEC. 2. Section 2107 of the Public Utilities Code is amended to read:

2107. Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of

the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than fifty thousand dollars (\$50,000) for each offense.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2011

Governor